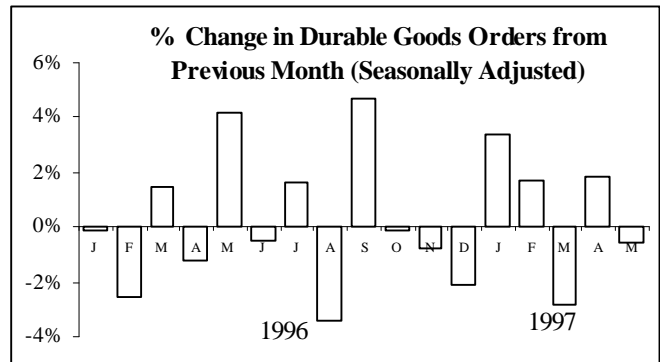
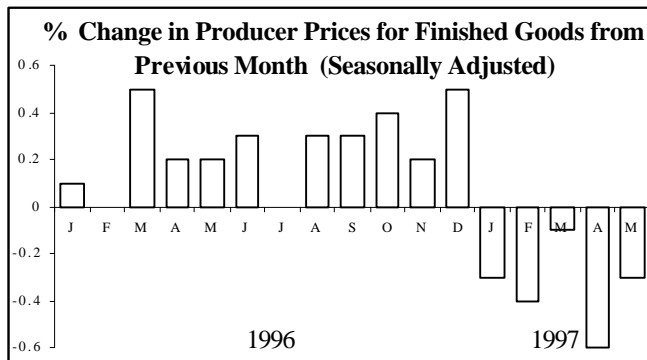


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PRICE INDICES SHOW VERY LOW INFLATION

The Labor Department reported that in May, producer prices fell 0.3%. This is the first time since the Truman administration that producer prices have fallen for 5 consecutive months. So far this year, producer prices have fallen at a 3.9% annual rate, a contrast to the 2.8% increase in producer prices for all of 1996. The Labor Department also reported that consumer prices increased a minimal 0.1% in May. The low inflation is attributed to the strong dollar, which drives down the prices of imported goods; higher worker productivity, which allows businesses to raise wages without raising prices; and declining energy prices.

DURABLE GOODS ORDERS FALL IN MAY

The Commerce Department reported that durable goods orders fell 0.6% in May. This decline was experienced by most industries with the volatile transportation goods industry showing a significant decline in orders, reflecting weaker orders for autos and military aircraft. The only industrial segment experiencing a strong increase was electronic and electrical goods with a 10% increase in orders following two months of decline.

JAPANESE TRADE SURPLUS TRIPLES IN ONE YEAR

The Japanese government reported that Japan's trade surplus has tripled over the past year. The strength of the increase is attributed to a recent rise in the consumption tax, which is dampening domestic consumption, leading to relatively weak import growth. Also contributing to the surplus was an increase in exports, with automobiles, steel, computers and business equipment all showing strong increases. Of Japan's \$6.5 billion surplus in May, \$5.1 billion is with Asia, \$2.8 billion is with the US, and \$1.8 is with the European Union.

CHINESE INDUSTRIAL OUTPUT SURGES

The Chinese government reported that industrial output in May 1997 was 12% higher than in May 1996. Most of this growth was experienced by privately owned factories, which increased output 16%, much better than the 6% increase from state owned factories. The government also reported that strong overseas demand for Chinese consumer electronics contributed to a \$3.6 billion trade surplus in May. This was the fourth consecutive monthly surplus, assisted by a 25% increase in exports and a 4% decline in imports.

FUEL PRICES (dollars/bbl) AND EXCHANGE RATES (foreign units/US dollars)

	<u>June 20</u>	<u>June 13</u>		<u>June 20</u>	<u>June 13</u>
Crude Oil (Foreign)	14.87	14.90	DM (Germany)	1.73	1.73
Crude Oil (Domestic)	18.55	18.83	Yen (Japan)	114.6	114.3
Pound (UK)	0.607	0.613	Peso (Mexico)	7.95	7.97
Ruble (CIS)	5762	5765	Won (S. Korea)	888	889

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